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Let Us Reason
Together
Irvine



LET US REASON TOGETHER

**An Appeal to
Social Crediters
and
C.C.F.'ers**

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By W.M. IRVINE

FOREWORD



I have read this pamphlet written by Mr. Wm. Irvine, and welcome it as a timely contribution to the political thought of our province. The writer is well known as the author of numerous pamphlets and books dealing with sociological subjects. He is a tireless and fearless fighter for a new social order and even those who may disagree with him in the inevitable conflict of political thought will not hesitate to acknowledge both his sincerity and his ability to expound and defend the position he holds.

"Let Us Reason Together" is a happy title for the subject matter of the booklet and bespeaks that generosity which the writer never fails to extend even to his bitterest political opponents. He surveys the situation in Alberta showing that the people who call themselves Social Credit and those who go under the name of the C.C.F. have at least one thing in common, namely, the conviction that a fundamental change must be effected in our economic system if the economic security which all desire is to be attained; that these two groups together constitute the great majority of the people; and that their undeniable difference in policy should not be pushed to bitterness so as to divide the radical element and thus yield power to reactionaries.

He contends that the general objective to abolish poverty and attain economic security should be henceforth the point of emphasis rather than the difference in policies for

its attainment; that the Social Credit Party is having its chance to make good and that if it fails those who support it should, retaining their objective, turn to the C.C.F. and give it a chance, but that on no account should these two groups which, while differing in policy, have similar convictions in respect to the system, so divide their ranks in future political contests, that reactionaries may regain control.

This pamphlet should be read by both C.C.F.'ers and Social Crediters, and read in the spirit in which it is written. If this is done it will not fail to bring about a more reasonable frame of mind and result in calm and reasonable re-examination of policies and a rededication to the common desire to achieve social justice in our time.

CHESTER A. RONNING.



Let Us Reason Together



Social Credit and C.C.F. theory may well be forgotten momentarily, until it is clearly seen that the people who support these two organizations in Canada are the only people who really want to achieve fundamental economic change. Moreover, the people who vote for the representatives of these two organizations in reality want to reach the same general economic objective. They are much less concerned with the finely-spun technical theorizing of the two groups than they are about receiving incomes adequate for their needs. It is of course true that correct theory is essential if real progress is to be made. Meanwhile, however, the people who desire identical objectives are being divided into hopeless minorities. And this situation cannot be altered unless and until we arrive at that happy point when we are disposed to reason together.

Time and events tend to create perspective. And perspective enables us to envisage general outlines and tendencies of the mass movement, rather than particular parts and incidents which may have little bearing on ultimate achievements. For example, it is now clearly evident that despite the bitter antagonisms which developed in Alberta between the U.F.A. and Social Credit and the C.C.F. and Social Credit, all the people involved are endeavoring to move toward the same general objective. It may be truly said that it was the hope of economic security too long deferred which drove those who supported the U.F.A. to turn to Social Credit in search of a shortcut to their desires. It was the U.F.A., now out of action as a political entity, which helped to formulate the principles upon which the C.C.F. was launched.

The fact of the matter is that it was the people who formed the Labor Unions and who composed the organized farmers' movement who gave birth to the radical desires which now find expression even if inadequate in the Social Credit and C.C.F. movements. The people who vote for these two bodies in Alberta constitute the great majority of the people of the province.

COMMON OBJECTIVES

As we shall see from the declarations of both Social Credit and C.C.F. leaders both groups hold in common some very important views. It may make toward a better understanding to state the main points of agreement and then to state frankly the points of disagreement and reasons therefor.

The following general statements are met with constantly in the literature and on the lips of public speakers of both Social Credit and C.C.F.:

(1) There is widespread and dire poverty in Canada. Hundreds of thousands are unemployed, while farmers are working for long hours, rewarded with unbearable debt burdens and a constant lowering of the living standard.

(2) With the natural resources within our Canadian borders, and with our mechanical equipment and skilled labor, there is not only no justification for poverty, but that on the contrary there should be abundance for all. Poverty can and should be abolished.

(3) Since many people are often in need of bread while wheat markets are glutted with oversupply, the reason for the people's poverty cannot be because of inability to produce, but rather because of faulty distribution.

(4) That lack of sufficient income or purchasing power in the hands of the consumers prevents adequate distribution.

(5) That the monetary system is therefore an important factor in remedial proposals, for if people have the money they can obtain the necessary goods.

(6) It is possible to so arrange matters that no desired exchange of goods should ever be prevented solely for the lack of the appropriate means of exchange.

(7) That financial monopoly for profit is intolerable and must be abolished.

(8) That financial credit created by the banks on the basis of real wealth is the chief financial instrument in use, so that the right to write a cheque for \$1,000 or for any other figure will buy goods as readily as the same amount in legal tender or bank notes.

(9) And that the power to create credit money should be in the hands of the people, to be used by them as required to assist both in the production and distribution of all the goods and services required for modern civilized life.

These views express in general terms the belief and desires of the people who want to create a better economic system. These views are advocated by both Social Credit and the C.C.F. In other words there is agreement in the general statement of the problem as well as in general views as to the possibility of solution and even on some of the factors of the solution. And since it is general views like these which influence people to vote, and since both parties obtain a following on these general views, it seems safe to say that the people who do the voting for both parties are travelling in the same general direction and that many of them are at a loss to know why there should be such sharp differences between the leaders of the two parties concerned.

At this point and before dealing with the vital points of difference between the Social Credit and C.C.F. parties it might be suggestive to bring forward a parallel agreement between the two old parties of the decaying order. Liberals and Conservatives have both held common views since the beginning of their historic encounters. For instance they both accepted as fundamental the right of private ownership

of public property, and of private profit as the essential incentive to progress. And they both held and still hold in common the view that civilization's continuity depends upon retaining this capitalist system based on private ownership of public property for the purpose of making private profit.

But while these parties held in common certain views about the economic system which they both served, they differed sharply as to the best means of preserving and developing that system. One of them held that industry should be protected by a tariff, and built up on a national basis, while the other stood for free trade. They took turns at governing whenever the electorate for any reason took the notion to drop one and try the other. But no matter which was in power Capitalism went on its way rejoicing because both parties accepted capitalism.

May it not be that new parties now being formed with common views similar to the examples above given, but differing in matters of policy may carry on in the coming social order and serving the new economic system, as the old parties served Capitalism? If this should be so they will probably learn in time to support each other, at least temporarily, as the Liberals and Tories do, whenever any force seeks to overthrow the objectives for which they both stand.

It should not and may not be impossible for these two groups to find common ground. In the Federal parliament where the larger issues are met it is noticeable that the C.C.F. and Social Credit are voting together and supporting each other more and more. It is within the range of possibility that these two groups may find common cause before another election. Social Credit has advanced to the point where it has introduced a bill for a government-owned bank. That is a step toward the C.C.F. It may be possible for the C.C.F. to take a step nearer to Social Credit. But whether or not these two bodies find common ground in a common platform and party, they will surely find common ground against the sort of reaction which made such headway in Alberta during the last election under a new name.

Having recorded some of the general objectives held in common by the Social Credit and C.C.F. parties, it must not be thought that we thereby seek some form of organic unity which would ignore the vital points of disagreement which I am about to state and discuss. It is not a dead level conformity that is suggested here. It does appear however, that if it be so that Social Credit and the Co-operative Commonwealth movements both believe that poverty can be abolished in Canada, then there are two things which they might profitably do. The first is that they might stand together in a time of crisis when those who believe in an economic system which makes poverty inevitable seek to destroy both Social Credit and the C.C.F. And the second thing which might be done is to face the fact frankly that while both radical parties desire to abolish poverty, they have two different ways of doing it, and that therefore they should make every possible effort to bring the conflicting proposals before the people that they may decide which of the two will most effectively abolish poverty.

The people may wish to change from Social Credit to C.C.F. and from C.C.F. back to Social Credit again as they have done for a century and a half with Liberals and Tories. In any case Social Credit and C.C.F. should vote for each other rather than give their support to reactionaries—the old parties—who under changed names try to retain their power. We have seen that the old parties in Alberta are willing to emasculate themselves that they may sing soprano in the temples of the profit system. At any rate there is sufficient common ground for Social Credit and C.C.F. so that in the future they may well spend less time in fighting each other and more in fighting poverty.

DIFFERENCES OF VIEWS

Coming then to the chief difference in policy between Social Credit and C.C.F. by means of which each expects to arrive at the same objective of abundance for all, I propose to state these differences and to suggest honest, unbiased study of them by constituency associations of both

parties concerned. Inter-party discussions and debates would greatly help the people to more accurately appraise the values of the different points of view.

There can be no question that in spite of the common objectives of the two parties as stated above, the points of difference are fundamental. To begin with official Social Credit hold as the very keystone of their economic edifice that the existing financial system always tends toward a deficiency of purchasing power. In fact shortage of purchasing power is regarded as a permanent or chronic condition. While the C.C.F. agrees that shortage of purchasing power is part of the phenomena of a trade depression and that there should be means of increasing consumers' incomes at such a time, we contend that this shortage is not permanent but rather a feature of a depression. For we note that during the boom time which usually precedes a depression there is a surplus of purchasing power over prices—a fact which cannot be denied and which blocks the way to the conclusion that the financial system leads to a chronic deficiency of purchasing power.

The C.C.F. readily agrees with Social Credit that purchasing power should be increased in proportion to the increase in production. The only safe basis upon which to issue new money is that of the actual wealth on hand in the form of goods, or on the wealth about to be created. With such a system of managed currency, which we have not got today it would be possible to stabilize price levels. But this is far from agreeing with the A plus B theorem of Major Douglas.

This is not the opportune time to present the whole case against this A plus B formula but this much may be said in respect to it since it is a cardinal principle of Social Credit philosophy.

It is contended that the price of an article is made up of A: all payments made to individuals in the form of wages, salaries and dividends; and B: all payments made to other organizations contributing to the production of the article including raw material, bank interest and other costs. But

it is contended that since the price of the article in question is composed of A and B as above, it is impossible for the consumer to buy it since he only has A with which to make the purchase. If that were true Social Credit would be right, and if right every one should be Social Credit. It is however clearly demonstrable that this is not true.

It is beyond question that the payments made under B are purchasing power quite as much as the payments made in wages and salaries etc., under A. For example, a shoe factory offers a pair of boots for sale at \$5.00. Let us say that the company has only paid out \$1.00 in A payments. But the other \$4.00 were paid to the farmer for hides, the tanner, the electric company supplying the power, not to mention dividends to the associated industries. So that amongst them all the price of that pair of boots, namely \$5.00 had actually been distributed during the process of production. It is therefore not true to say that only the payments listed under A become purchasing power. This is not by any means the only error in the theory, but this one is quite sufficient to condemn the proposals that follow from the premise.

The fact that consumers have a shortage of money does not necessarily imply that there is a money shortage. It generally means that those who enjoy the "privileges of the existing factors of industry," which Social Credit does not propose to alter, have got more than their share of the money in existence so that the rest of us must have correspondingly less. A million people with a dollar each will do far more business on a Saturday afternoon than any single millionaire will do.

Everyone must know that the present producing mechanism has not been geared to serve the needs of consumers, but rather has been and is geared to the exclusive purpose of making profit for the owner. And it does what it was designed to do. The same mechanism geared by public ownership to supply consumers as the reason for its operation is what is required. Then all profits will be distributed as wages, and when all profits are thus distributed the money

in existence will buy all consumers goods, and what is more the consumer will get the goods.

At this point it is well to bear in mind that the C.C.F. is not blind to the importance of finance in the economic scheme of things. The first challenge ever made to the financial powers in Canada was made by the federal members of the United Farmers of Alberta from 1921 to 1935. They were the nucleus of the C.C.F.

It is not proposed here to deal with the C.C.F. program exhaustively. We are comparing the C.C.F. with a political organization which regards the whole modern economic problem as a financial one. It is sufficient here, therefore, that we draw attention to the fact that the C.C.F. has a financial policy also, and to state what that is as comprehensively as that brevity which is essential in the circumstances will permit.

Social Credit holds the view that Capitalism with its private ownership for private profit and the ensuing competition which ultimately results in monopoly through the destruction of the weak is the best of all possible systems. The poverty which is so widespread in the midst of potential abundance is accredited solely to the operations of the existing monetary system. That purely monetary policy is the point of emphasis on the part of Social Credit no one will deny. The late Mr. A. R. Orage who was the literary partner of Major Douglas in the early days of Social Credit propaganda wrote the following of Major Douglas' proposals:

"His constructive proposals when they came to be clearly formulated concerned mainly the only practically important question asked by every consumer—the question of price: and beyond a change in our present price-fixing system, there is in his proposals nothing remotely revolutionary. For the rest everything would go on as now. There would be no expropriation of anybody, no new taxes, no change of management in industry, no new political party, *no change, in fact, in the status or privileges of any of the existing factors of industry.* Absolutely nothing else would be changed but prices."

It will be seen then that the whole analysis of the modern economic problem by Social Credit is financial and the sole remedy proposed is financial. This fact should be noted regardless of the wisdom or folly of either the analysis or the proposal. The C.C.F. on the other hand while not overlooking the part that finance must play in the rebuilding of an economic system in which poverty will not be known, sees the imperative necessity of going far beyond that if the ultimate objective is to be reached.

C.C.F. MONETARY POLICY

The C.C.F. believes that any practical economic system must function to supply the needs of all the people and not exist as now to satiate the greed and lust of a privileged few. It therefore believes that the people themselves should own and control the means of producing the commodities essential to their lives, because it sees that while the means of production, that is the natural resources, the machinery and the financial institutions are privately owned and operated for profit it will not be possible to make the full use of the natural resources, nor to remove the general condition of economic insecurity and injustice and the fears which they engender. Believing this the C.C.F. endeavors to convince the masses of the people that it is so, and to urge them to use the constitutional means which parliament affords to change the economic system from capitalism to the Co-operative Commonwealth.

But monetary policy is not thereby either underestimated or neglected. It finds its proper place in the program advanced. It is real wealth that money is used to exchange; it is real wealth which must form the basis of any workable financial policy. But all real wealth produced under private ownership of the means of wealth production belongs to the private owners. Since these private owners produce only for profit the most of the wealth in existence at any time is their private property. Therefore even when new money is created—as it is constantly—it belongs to those who own the wealth which the newly created money represents.

The financial policy of the C.C.F. is therefore only a part, although an important part of our program as a whole and can be worked out only when the more essential economic factors are in our control and worked out in conjunction with the financial policy. In other words while a good deal of importance is given to finance by the C.C.F. it is realized that no possible sort of financial policy, no matter how successfully worked out and applied can ever remove evils which spring from other and deeper sources.

The C.C.F. is very well aware that money is created and that it must be created at least as fast as wealth is produced. It is also beyond argument that bank credits constitute about 95 per cent of all the money in use. We are also well aware that money is brought into existence through the action of the banks when they increase their assets and that money goes out of existence in the same way with the reduction by the banks of their assets. These are facts well understood before Social Credit ever came on the scene. It is true that Social Credit advocates talk about this method of creating and destroying money as if they had made the discovery. But they made no discovery in this respect. All competent exponents of orthodox finance have expounded the manner in which banks create money and how they put it out of existence. These operations are well understood, but they are operations which cannot be exercised ad lib, nor performed without due regard to economic principles which must underlie them.

Then there are times especially during depressions when governments actually desire to see an increase of the volume of money in circulation, and they would in all probability create such increases and create as well public assets through public works to equal or balance the increase, but they find that the banks exercise the right to do all the creating and that if the government wants more money for public works it will have to obtain it at the banks. When the government thus obtains money the public must repay it to the banks from taxes and in addition pay interest for the privilege of doing so.

Because of these and other important considerations the C.C.F. policy is:

(1) To nationalize the financial institutions. For an instrument as essential to the economic life of the community as money is, should be not only public property, but should be used by the public to mitigate the evils of capitalism during the transition period between capitalism and the Co-operative Commonwealth, and also used to speed up the transition.

(2) That the creation of new money should at all times be made in the interest of the people as a whole and not as now, when it best suits the interest of those who monopolize the creation of money for private profit. We hold that bankers and governments can't both have the right to create and control money. If bankers have a monopoly of money they will create it when they like and for their own monetary advantage. If the government which is the people control money, then money will be made and used to serve the people, if, as, and when required by the people.

Social Credit is particularly hazy on this point of public ownership. It asserts that it is opposed to government or public ownership of financial institutions. But if the banks still retain their power to create money then a Social Credit government would have no more control over money and its creation than other governments have. If, however, a Social Credit government takes the power to create money into its own hands by commanding the bankers to do what the government wants them to do, then that is nationalization and finance would under such an arrangement become a government monopoly. But since the Social Credit party renounce and denounce nationalization and reiterate that bankers will still run the money system under a Social Credit regime, then we fail to see why there is any need of a Social Credit government since the banks are already in command of finance.

It will be seen then that it is not the idea of the Social Credit people to abolish poverty that the C.C.F. objects to,

nor do they object to fundamental financial reform. The C.C.F. wants to accomplish these things too but they do not believe that the proposals of Social Credit in the absence of other fundamental considerations will ever attain these ends.

The time is coming when sincere Social Credit supporters will give serious thought to this phase of the situation. Social Credit as a government is entering on its second term in office in Alberta. Its majority has been greatly reduced, because no matter how well it may have done this or that, it has accomplished nothing in the way of financial reform. The financial system in Alberta is precisely the same as it is in all other provinces. The great thing which brought the Social Credit party into being and for which it was elected has not been done. Let it be said if you will that the government has tried. Even so it has failed and must continue to fail to achieve monetary reform in this province. And people will get tired of failure no matter how much trying has been done. It was success and not failure that the people contemplated when they voted Social Credit.

Even if Social Credit proposals in Alberta had been sound economically speaking, it was and still is beyond the power of a provincial government to give effect to them. So that while the Alberta government may be blamed for having ignored this important phase of the situation, blame cannot be properly attached to a government for having failed to do that which is beyond the power of a province to do. A man might spend his whole life hunting for the North Pole in Alberta, and he might try very very hard to find it, but few people will either blame him for not finding it or give much credit for trying.

Sooner or later the most ardent Social Crediters will admit that even if the proposal were as virtuous as those who advocate it, believe it to be, it cannot be made effective in a single province. Social Credit meritorious or otherwise is a matter for the federal parliament. And when Social Crediters eventually come to that admission and turn their attention to the price of gasoline and oil, to road building,

health services, education, and the safeguarding of the natural resources of the province for the people of the province, they will think more kindly of the C.C.F. with its program of public ownership of public property.

In the federal field within which monetary problems fall, Social Credit is more markedly on the wane than in the provincial. This may be accounted for by the fact that without nationalization of the banks it is not possible to put the Social Credit program into effect even if it were proven to be advisable to adopt it, and yet Social Credit is opposed to nationalization, the only way by which it is possible to even try out the proposal. On the other hand while Social Credit has not maintained its strength the C.C.F. not only has held its own through the years, but is growing.

UNDERSTANDING AND CO-OPERATION

In plain language therefore the point of this pamphlet is, that if the Social Credit party is to grow in Alberta, it must not only hold its present following by actually effecting some phase of monetary reform, but it must win over also the C.C.F. following. If the C.C.F. is to grow it must win the support of those who now uphold Social Credit. And this is so because the people who vote for these two parties are the majority of the people of Alberta and they all are willing and anxious to change the present economic system.

Social Credit and the C.C.F. are like two lifeboats launched from a hopeless derelict. Those in charge of each boat disagree as to the safest and shortest course to a harbour. But the people of each boat not only want to save themselves but to save the crew of the other boat as well. When number one boat has been setting the course for some time and failed to reach land in the allotted time, then number two boat takes the lead. These two boats will not try to sink each other.

Social Credit and the C.C.F. have been trying to sink each other. If that policy is continued and they are successful in sinking each other, neither boat will ever reach the shores of economic security. The Social Credit boat has had

and is now having its chance. The C.C.F. boat's crew are just as anxious to reach the shore as the Social Credit boat's crew are. The thing to be done is the important consideration, for the lives of all depend upon the doing of that thing. And if that thing is accomplished by Social Credit it will not need to be done by the C.C.F. and all will rejoice together in the accomplishment. On the other hand since Social Credit is having its chance, and if it fails, then surely those supporting it will be willing to try the leadership of the C.C.F. boat.

Since both these groups are desirous of reaching economic security for all, and since both realize that such security is possible only on the shores of a new economic system, they must co-operate as far as possible on the basis of that common objective. This does not mean that an attempt should be made to load all the C.C.F.'ers into the Social Credit boat, or to put all the Social Crediters into the C.C.F. boat. It means that both boats shall sail together so that if and when the leadership of the one fails the other will try its course.

It is imperative that the people in both groups should have that attitude of mind which will enable them to be ready to follow either group which has the best prospect of reaching the common objective; namely, the abolition of poverty. The people of neither group should be either too proud or too embittered to follow the other if it shows more hope of arriving at safety.

A better understanding between the two groups of people who are convinced that the economic security we desire is not to be found by returning to the old system of scarcity is all the more imperative in Alberta where we have a combination of the old parties under the pseudonym of Independents engaged in an effort to call us all back to the old derelict which we left for our own safety years ago.

This is a time for more serious thought, for a more careful analysis both of principles and policies. But of one thing we must be certain. We cannot and must not attempt to go back. There is a safer and happier shore. It is better that we sail the seven seas in search of it until we find it than that we return to the waterlogged derelict we have abandoned.